GOVERNMENT OF INDIA
CHEMICALS AND FERTILIZERS
LOK SABHA

STARRED QUESTION NO:450
ANSWERED ON:24.04.2008
REDUCTION IN THE PRICES OF DRUGS
Hasan Chaudhary Munawwar

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether majority of 886 medicines for which the companies had agreed to reduce prices are either obsolete or are not being manufactured;

(b) if so, the details thereof;

(c) whether the State Governments/UTs have informed the Union Government that prices of these medicines were not reduced;

(d) if so, the details thereof, and

(e) the steps being taken by the Union Government in this regard?

Answer

THE MINISTER OF CHEMICALS AND FERTILIZERS & MINISTER OF STEEL (SHRI RAM VILAS PASWAN)

(a) to (e) : A Statement is laid on the Table of the House.

STATEMENT REFERRED IN REPLY TO PARTS (a) to (e) OF THE LOK SABHA STARRED QUESTION NO. 450 FOR ANSWER ON 24-4-2008 ON THE SUBJECT OF REDUCTION IN THE PRICES OF DRUGS.

(a) to (e): Pharma companies had agreed to voluntarily restrict the trade margins for generic medicines to 15% for wholesalers and 35% for retailers. A compilation of the list of 886 such medicines, whose prices were to be voluntarily reduced by 11 companies as a result of this cap on trade margins has been brought out and is available on this Department website www.chemicals.gov.in. Copies of the list have also been placed in the Parliament Library. It covers formulations in dosage forms such as tablets, capsules and syrups, etc. which find usage in the treatment of a large number of diseases. The medicines covered are anti diabetics, antibiotics, cough syrups, painkillers as well as those used during the surgical operations, for the cure of the infectious diseases and for the treatment of hypertension etc. The voluntary reduction in prices of these medicines ranges between 0.26% and 74.53%.

The revised prices were to be implemented by the companies on packs manufactured after 2nd October/2nd November, 2006. A survey of the prices of these medicines was got done through a pharma PSU recently (The report was submitted to this Department on 15.4.2008) and feedback was also received from some of the companies. As per the findings of this survey, 154 medicines out of 886 have been discontinued by some of the pharmaceutical companies. Out of the remaining 732 medicines, 563 medicines are available in Delhi Market at reduced prices. Some State Governments have informed that a few of these products are available at reduced prices and availability varies from State to State.

This reduction in trade margins has been effected by industry only on medicines promoted by trade (commonly called generic-generic or branded-generic drugs) where these margins are high as compared to the Scheduled formulation packs and non-Scheduled branded formulation packs. This segment forms only a small portion of the total pharma market in the country.

It is proposed to streamline the system of trade margins through the Draft National Pharmaceutical Policy, 2006, which proposes to cap the trade margins. Based on the reduction in the trade margins, there is a likelihood of reduction in prices of generic medicines.This Policy was submitted before the Cabinet for its approval. The Cabinet considered the Policy in its meeting held on 11-1-2007. It was decided that the matter may, in the first instance, be considered by a Group of Ministers (GOM). GOM has since been constituted and has held three meetings so far. GOM is yet to make its recommendations to the Cabinet.